First Citrus Bancorporation

March 21, 2016

President's Message

Dear Shareholder:

The outlook for Florida community bank stocks is strengthening and your bank is accelerating the pace, delivering back-to-back years of double-digit profit growth. Our 2016 budget reflects comparable earnings growth as well. Salient 2015 highlights are noted below.

Financial Statistics, Operating Performance and Shareholder Highlights

- *Earnings per share growth of 53% to .52 cents;*
- *Net income growth of 49% to $826,000;*
- *Loan portfolio growth of 9% to $223 million;*
- *Demand deposit growth of 25% to $46 million;*
- *Total deposit growth of 13% to $209 million;*
- *Asset growth of 10% to $266 million;*
- *Non-interest income growth of 15% to $785,000;*
- *Revenue growth of 5% to $11.2 million;*
- *Book value per share growth of 4.4% to $14.07 per share.*

This year's management discussion and analysis integrates our 2015 operating performance with peer comparisons, relevant market perceptions and industry trends; addressing how these dynamics can influence your investment. Additionally, we will outline a path towards shareholder liquidity.

Net income in First Citrus Bancorporation was up 49% to $826,000. Positive earnings trends should continue as we project asset growth to surpass $300 million in 2016. We expect to achieve our growth objectives through an emboldened Business Banker – Branch Manager collaborative. Last year, this initiative supported asset growth to $266 million, loan growth to $223 million and deposit growth to $209 million.

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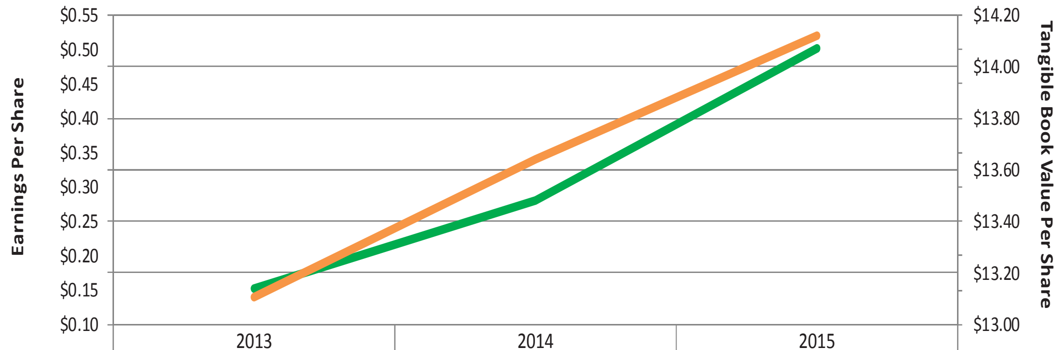
You'll be pleased to know that demand deposits, our lowest cost funds, grew 25% to $46 million! Local demand deposits are our lifeblood, enabling us to provide over 250 locally-owned businesses, professionals, non-profits and entrepreneurs with $63 million in financing last year! If you have any checking accounts at competing financial institutions, we'd love you to transfer them to First Citrus Bank and help your investment grow!

The annual growth in earnings per share averaged 103% over the past 24 months. Significant upside growth potential remains because we haven't reached our profit generating capacity.

Earnings Per Share & Tangible Book Value



	2013	2014	2015
TBV	$13.14	$13.48	$14.07
EPS	$0.14	$0.34	$0.52

Scant non-interest income levels at .10% of average assets historically typified First Citrus Bank, averaging less than half the peer median of .26%. In most cases, income generated from selling residential mortgage loans was the disparity. Despite attractive fees, that line of business lacks strategic fit with our existing core competencies and established small business niche.

We're excited to share a new business line added in 2016; SBA-7a business lending. Loan sales on the secondary market will supplement healthy non-interest income, similar to residential loan sales. This product also supports a long-term strategic goal to provide financing at every stage in the life cycle of a business.

The hypercompetition that fueled the demise of 122 banks across Florida during the downturn,[1] thinned the herd in Tampa Bay as well. In 2016, I believe more banks will exit the Tri-County market. As these events unfold, new client acquisition opportunities should enhance our internal operating efficiencies.

[1] January 8, 2016 – Tampa Bay Business Journal Article – Bank loan decisions cause economic engine to sputter

First Citrus Bank was one of five bank charters granted in Tampa Bay, representing the de novo class of 1999.[2] To retrospectively compare the other four institutions; one failed while the remaining three issued new stock, at a fraction of the original price that shareholders paid a decade earlier. In 2015, the best performing of the three surviving banks was sold at an 80% premium to their book value. Putting this transaction in perspective, their 80% premium to book value literally equated to a 40% discount to First Citrus Bank's actual book value.[3]

The takeaway is: Credit quality always wins! To succeed in the future, we must remain disciplined in upholding our Cardinal Business Principle of Safety and Soundness. This doesn't mean our credit culture will become rigid or parochial. It means we become exemplars at mitigating risk with "outside the box" creativity in delivering growth capital to the market.

We operate in a highly uncertain environment. Scores of new and elevated risks crop up; cyber security risk, credit risk, regulatory risk, interest rate risk, monetary stimulus policy risk, concentration risk, fiscal policy risk, legislative risk, along with an increasing disintermediation threat from tax-exempt credit unions and new online small business lenders, known as Fintech. These contagions can only undermine value.

Recently, I was asked about the proliferation of Fintech, and the threat they pose to our business model. The model for online business lenders is to inexpensively discern creditworthiness over the internet, then quickly unload the loans to investors;[4] similar to the "pump & dump" model of the sub-prime lending market. I conjectured we wouldn't know their impact until their unseasoned loan portfolios withstood economic speed bumps. This doesn't mean that they're not a legitimate disintermediation threat. The sustainability of a business model that relies exclusively on technology to make subjective judgments is unproven.

It seems a rebalancing of valuations between community banks and big banks is occurring. The SNL Bank Index (larger banks) declined 14.3% over the trailing twelve months ending in February 2016 and 19.5% the prior 90 days.[5] Small to mid-size banks are starting to outperform regional banks, and regionals are outperforming money center banks.

[2] The Carson Medlin Company – 4th Qtr. 2007 Asset Quality Review
[3] Includes cash and stock dividends First Citrus shareholders received
[4] Wall Street Journal, February 23, 2016 – Online Lender on Deck's Stock Sinks
[5] Sheshunoff & Company – Public Bank Stock Performance, February 2016

Strategically, this is a good stage for us; barriers to entry remain high, valuation should rise with our cauldron of earnings momentum and demand for the First Citrus brand will increasingly be influenced by a lack of supply! For most of the past decade, the opposite was true.

Our competitive advantage hinges on speed-to-market and operational flexibility in delivering growth capital to small businesses, non-profits, professionals, and commercial real estate principals; empowering free enterprise to be more competitive at the local level. This approach has enabled First Citrus bankers to finance more business growth and asset acquisitions with less downside loss exposure than peer, while garnering market yields.[6]

We are vividly clear in our strategy and deeply committed to it as well. The opposite standard is a bank that lacks awareness of how it fits within the market or superficially pays lip service to their strategic positioning. This commonly results in attempts to compete excessively on price with tax-exempt credit unions or other substitutes. Those institutions are on a path to extinction.

Community banks commonly possess high individual ownership concentration levels relative to larger banks. Higher concentration levels can sometimes lead to ill-timed liquidity exits at the expense of optimizing shareholder wealth. With nearly 700 shareholders averaging an investment less than $10,000 each, First Citrus likely has the highest number of shareholders and least amount of ownership concentration than any Tampa Bay bank; possibly Florida as well.

Despite such, it's still practical to offer a path for shareholder liquidity given our tenure in the market. In that regard, Raymond James & Associates, Inc. has approached us expressing interest in making a market for our stock. Should you have an interest in purchasing or selling shares, please refer to the contact information enclosed with your proxy statement.

External market dynamics have appropriately elevated our balance sheet growth targets and profit expectations. At the same time, we don't need to look beyond the last cycle of failed banks to realize that a growth imperative can be extremely hazardous.

[6] FFIEC Uniform Bank Performance Report: 2008 – 2013 Net Loss to Average Total Loans

However, I want to underscore my optimism and confidence in our market, business model and ensemble of banking talent. In my view, the community bank space is the best risk reward opportunity in the banking sector. None of the economic uncertainty, stock market declines and industry turmoil is showing up in our operating performance.

We are very serious about our mission in helping our clients become more economically successful and financially independent! The by-product of our efforts enhances vibrancy throughout Tampa Bay. This is important work and your bank's track record of success and even more appealing future, should make you feel very good about your investment.

On behalf of your Board, Advisory Boards and management team, thank you for your trust and confidence. I look forward to visiting with you at the Annual Shareholder Meeting.

Sincerely,

John M Barrett

John M. Barrett
President and
Chief Executive Officer